

# BETTER UTILITIES AND A BETTER CITY

## Mayor Ballard has charged the Commission with:

- Reviewing potential long-term solutions to the City's critical infrastructure issues
- Providing recommendations to Mayor Ballard to improve the City's infrastructure, with a goal of preserving both a high quality of life and affordable cost of living
- Challenging conventional wisdom
- Soliciting feedback from citizens

Reviewing both national and international models and contemporary approaches for financing infrastructure improvements and their applicability to Indianapolis

## Commission Members

Bill Blomquist,  
IUPUI School of Liberal Arts

Mike Hudson,  
IPOWER Energy System

Patty Martin,  
Eli Lilly & Co.

Todd Stuart,  
Stuart's Moving and Storage

Commissioners can be contacted at any time by visiting the Commission's Web site at [www.indy.gov/mayor/IAC](http://www.indy.gov/mayor/IAC).



[www.indy.gov/utilities](http://www.indy.gov/utilities)

## STUDYING THE OPTIONS

### Infrastructure Advisory Commission

The City of Indianapolis (City) currently faces significant challenges related to its roads, parks, rivers and streams and drinking water. Most of Indianapolis' transportation, water and sewer systems are more than 50 years old and in need of repair. Inadequate maintenance in past years makes improvements more critical today.

Because of the considerable challenges, Mayor Greg Ballard

created the four-member Infrastructure Advisory Commission (Commission) in February 2009. The Commission was charged with studying and honestly assessing the condition of the City's infrastructure and recommending long-term solutions to the City's infrastructure needs.

Since its inception, the Commission has advised the City on alternatives that will bring the best value to Indianapolis residents while addressing the City's infrastructure challenges. Through three public forums and neighborhood and business advocacy group meetings, the Commission has led the public discussion of the City's options.



*Commissioner Bill Blomquist discusses Indianapolis' infrastructure challenge at the Greater Indianapolis Progress Committee Board meeting in September 2009*

### REI Submission Categories

The REI responses were classified into five general categories:

1. Transfer the waterworks and wastewater assets to a newly formed non-profit entity
2. Combine the waterworks and wastewater operations and capital program management
3. Transfer the waterworks and wastewater assets to a newly created corporation in exchange for equity ownership
4. Offer to address discrete problems or issues of the waterworks and wastewater utilities
5. Transfer ownership and management of the waterworks and wastewater utilities to Citizen's Energy Group

### Request for Expression of Interest

The City issued a Request for Expression of Interest (REI) on July 21, 2009, seeking a variety of solutions and approaches to the City's long-term water and wastewater infrastructure needs from public, nonprofit and private organizations around the world. Mayor Ballard, with the assistance of the Commission, was looking for ideas to improve our water and wastewater systems and delivery services from both systems at reduced costs to users in and around Indianapolis.

The REI responses provided the City and the Commission a wide range of possible ideas to address the City's infrastructure funding challenges, enabling the City to make a thoughtful recommendation to the City-County Council that will help the City fund necessary capital improvements, while mitigating projected rate increases.

### Decision-Making Process

On Aug. 20, 2009, the Mayor's office received 24 submissions from local, national and global organizations. The Mayor's office then invited nine organizations that submitted the most promising responses to give a presentation and elaborate on their ideas. These ideas and concepts were then shared and vetted with the Commission. All submissions may still be viewed on the Commission's Web site: [www.indy.gov/mayor/IAC](http://www.indy.gov/mayor/IAC).

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## Utility System Options

Based on its review and analysis of the different structures proposed in the REI responses, the City and the Commission determined that Mayor Ballard had five options to consider:

Options	Advantages	Challenges
Maintain status quo and do nothing	<ul style="list-style-type: none"><li>• None</li></ul>	<ul style="list-style-type: none"><li>• Creates no efficiencies and savings for ratepayers</li><li>• Does not mitigate rising utility rates</li><li>• No opportunity to generate funds necessary to address the City's crumbling infrastructure</li></ul>
At the City level, combine the waterworks and wastewater utilities into a single utility and engage a private operator to operate the newly created utility	<ul style="list-style-type: none"><li>• Creates one entity instead of two</li><li>• Combining operations should result in efficiencies, such as scheduling construction projects, meter reading and customer service and could lead to lower costs</li></ul>	<ul style="list-style-type: none"><li>• No opportunity to generate funds necessary to address the City's crumbling infrastructure</li><li>• While some efficiencies are created, savings are not maximized</li><li>• Does not maximize mitigation of rising utility rates</li></ul>
Sell the utilities to a private, for-profit entity and completely privatize the utilities	<ul style="list-style-type: none"><li>• None</li></ul>	<ul style="list-style-type: none"><li>• Decreased accountability to the ratepayers</li><li>• Difficulty maintaining tax-exempt debt status</li><li>• Future projects would be financed as taxable debt, potentially leading to rate increases</li><li>• Does not maximize savings from efficiencies</li><li>• Does not maximize mitigation of rising utility rates</li></ul>
Transfer the systems to a newly created, City controlled, not-for-profit and contract with a private vendor	<ul style="list-style-type: none"><li>• The City maintains control of the utilities</li><li>• Combining operations should result in efficiencies, such as scheduling construction projects, meter reading and customer service and could lead to lower costs</li><li>• Outstanding tax exempt debt could be assumed by new entity</li></ul>	<ul style="list-style-type: none"><li>• The City would maintain debt on its books and add debt to the extent it issued more debt to "purchase" the assets</li><li>• Difficult to establish a new company from scratch with no operating history</li><li>• Does not maximize savings and efficiencies</li><li>• Creates an additional layer of government</li></ul>
Transfer the ownership and management of the utilities to Citizens Energy Group, a local public charitable trust that would hold the utilities for the benefit of the citizens of the City and manage the combined utilities as a not-for-profit	<ul style="list-style-type: none"><li>• Combination of water, wastewater and gas utilities would result in efficiencies that would lower costs resulting rates that are lower than current rate projections</li><li>• City will receive more than \$425 million as a result of the transfer, resulting in additional funding for improvements to the City's streets, sidewalks, curbs and other infrastructure</li><li>• Citizens could assume the waterworks system's tax exempt debt</li></ul>	<ul style="list-style-type: none"><li>• Eliminates challenges posed by alternative structures</li></ul>